

REFERENCE TITLE: tax credit; charitable organizations

State of Arizona
Senate
Forty-seventh Legislature
Second Regular Session
2006

SB 1544

Introduced by
Senators Martin: Jarrett

AN ACT

AMENDING SECTION 43-1088, ARIZONA REVISED STATUTES; RELATING TO INDIVIDUAL INCOME TAX CREDITS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 43-1088, Arizona Revised Statutes, is amended to
3 read:

4 43-1088. Credit for contribution to charitable organization
5 that provides assistance to the working poor;
6 definitions

7 A. ~~For taxable years beginning from and after December 31, 1997,~~ A
8 credit is allowed against the taxes imposed by this title for voluntary cash
9 contributions made by the taxpayer during the taxable year to a qualifying
10 charitable organization ~~as determined pursuant to subsection F of this~~
11 ~~section~~, but not exceeding:

12 1. Two hundred dollars in any taxable year for a single individual or
13 a head of household.

14 2. ~~Three hundred dollars in taxable year 2005 for a married couple~~
15 ~~filing a joint return.~~

16 3. 2. Four hundred dollars in ANY taxable year ~~2006 and any~~
17 ~~subsequent year~~ for a married couple filing a joint return.

18 B. A husband and wife who file separate returns for a taxable year in
19 which they could have filed a joint return may each claim only one-half of
20 the tax credit that would have been allowed for a joint return.

21 C. If the allowable tax credit exceeds the taxes otherwise due under
22 this title on the claimant's income, or if there are no taxes due under this
23 title, the taxpayer may carry forward the amount of the claim not used to
24 offset the taxes under this title for not more than five consecutive taxable
25 years' income tax liability.

26 D. The credit allowed by this section is in lieu of a deduction
27 pursuant to section 170 of the internal revenue code and taken for state tax
28 purposes.

29 E. Taxpayers taking a credit authorized by this section shall provide
30 the name of the qualifying charitable organization and the amount of the
31 contribution to the department of revenue on forms provided by the
32 department.

33 F. ~~The credit under this section applies only to contributions to~~
34 ~~qualifying charitable organizations that exceed the total amount deducted~~
35 ~~pursuant to section 170 of the internal revenue code in the taxpayer's~~
36 ~~baseline year. The taxpayer's baseline year is:~~

37 1. ~~The 1996 taxable year if the taxpayer deducted charitable~~
38 ~~contributions pursuant to section 170 of the internal revenue code in the~~
39 ~~1996 taxable year.~~

40 2. ~~If the taxpayer did not deduct charitable contributions pursuant to~~
41 ~~section 170 of the internal revenue code in the 1996 taxable year, the~~
42 ~~taxpayer's baseline year is the first taxable year after 1996 that the~~
43 ~~taxpayer deducted charitable contributions pursuant to section 170 of the~~
44 ~~internal revenue code.~~

1 **G.** F. A qualifying charitable organization shall provide the
2 department of revenue with a written certification that it meets all criteria
3 to be considered a qualifying charitable organization. The organization
4 shall also notify the department of any changes that may affect the
5 qualifications under this section. ~~The department shall compile and make
6 available to the public a list of the qualifying organizations.~~

7 **G.** THE QUALIFYING CHARITABLE ORGANIZATION'S WRITTEN CERTIFICATION
8 SHALL BE SIGNED BY AN OFFICER OF THE ORGANIZATION AND SIGNED UNDER PENALTY OF
9 PERJURY. THE WRITTEN CERTIFICATION SHALL INCLUDE THE FOLLOWING:

10 1. VERIFICATION THAT THE ORGANIZATION IS EXEMPT FROM TAXES UNDER
11 SECTION 501(c)(3) OF THE INTERNAL REVENUE CODE OR VERIFICATION THAT THE
12 ORGANIZATION IS A DESIGNATED COMMUNITY ACTION AGENCY THAT RECEIVES COMMUNITY
13 SERVICES BLOCK GRANT MONIES PURSUANT TO 42 UNITED STATES CODE SECTION 9901.

14 2. A STATEMENT THAT THE ORGANIZATION WILL CONTINUE TO SPEND AT LEAST
15 FIFTY PER CENT OF ITS BUDGET ON SERVICES TO RESIDENTS OF THIS STATE WHO
16 RECEIVE TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BENEFITS OR WHO ARE LOW
17 INCOME RESIDENTS OF THIS STATE.

18 H. THE DEPARTMENT SHALL REVIEW EACH WRITTEN CERTIFICATION AND
19 DETERMINE WHETHER THE ORGANIZATION MEETS ALL THE CRITERIA TO BE CONSIDERED A
20 QUALIFYING CHARITABLE ORGANIZATION. THE DEPARTMENT SHALL NOTIFY THE
21 ORGANIZATION IF THE ORGANIZATION IS A QUALIFYING CHARITABLE ORGANIZATION
22 UNDER THIS SECTION. THE DEPARTMENT MAY PERIODICALLY REQUEST RECERTIFICATION
23 FROM THE ORGANIZATION. THE DEPARTMENT SHALL COMPILE AND MAKE AVAILABLE TO
24 THE PUBLIC A LIST OF THE QUALIFYING CHARITABLE ORGANIZATIONS.

25 **H.** I. For the purposes of this section:

26 1. "Low income residents" means persons whose household income is less
27 than one hundred fifty per cent of the federal poverty level.

28 2. "Qualifying charitable organization" means a charitable
29 organization that is exempt from federal income taxation under section
30 501(c)(3) of the internal revenue code or is a designated community action
31 agency that receives community services block grant program monies pursuant
32 to 42 United States Code section 9901. The organization must spend at least
33 fifty per cent of its budget on services to residents of this state who
34 receive temporary assistance for needy families benefits or low income
35 residents of this state and their households. Taxpayers choosing to make
36 donations through an umbrella charitable organization that collects donations
37 on behalf of member charities shall designate that the donation be directed
38 to a member charitable organization that would qualify under this section on
39 a stand-alone basis.

40 3. "Services" means ~~cash assistance~~, medical care, child care, food,
41 clothing, shelter, job placement and job training services or ~~any other~~ CASH
42 assistance that is reasonably necessary to meet immediate basic needs and
43 that is provided and used in this state.

1 Sec. 2. Charitable organizations: written certification

2 A. On or before September 30, 2007, all charitable organizations that
3 have previously submitted a written certification to the department of
4 revenue pursuant to section 43-1088, Arizona Revised Statutes, shall submit
5 another written certification to the department that includes the following
6 information:

7 1. Verification that the organization is exempt from taxes under
8 section 501(c)(3) of the internal revenue code or verification that the
9 organization is a designated community action agency that receives community
10 services block grant monies pursuant to 42 United States Code section 9901.

11 2. A statement that the organization will continue to spend at least
12 fifty per cent of its budget on services to residents of this state who
13 receive temporary assistance for needy families benefits or who are low
14 income residents of this state.

15 B. After reviewing the written certification submitted under
16 subsection A of this section, the department of revenue shall determine
17 whether the organization meets all the criteria to be considered a qualifying
18 charitable organization pursuant to section 43-1088, Arizona Revised
19 Statutes, as amended by this act, and shall notify the organization of its
20 determination.

21 C. If an organization fails to submit a written certification pursuant
22 to this section on or before September 30, 2007, the organization shall no
23 longer be considered a qualifying charitable organization and the department
24 of revenue shall remove the organization from the department's published
25 list. An organization that is removed from the department's published list
26 pursuant to this subsection may submit a written certification pursuant to
27 section 43-1088, subsection G, Arizona Revised Statutes, as amended by this
28 act, in order to be considered a qualifying charitable organization by the
29 department.

30 Sec. 3. Effective date

31 Section 43-1088, Arizona Revised Statutes, as amended by this act, is
32 effective and applies to taxable years beginning from and after December 31,
33 2007.